

# The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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## Parties Disagree on States Rights Issue

Debate Centers on Proper Division of Power Between Federal and State Governments

### DEMOCRATS STATE POSITION

Reply to Republican Attacks by Pointing to Complex Industrial Problems of National Scope

The student of American history will meet an old friend again this fall, one whom he has encountered on page after page of his history texts. This old, familiar figure is the problem of state rights versus national authority—a problem which worried the delegates to the Constitutional Convention of 1787 until it almost broke up the meeting, which came back and inspired several of the greatest debates ever heard in the United States Senate, then became a continuing bone of contention in party politics, stirred up a war between the states in the eighteen sixties, and which several times since has played a prominent role in the drama of our political life. Now the old fellow is back again, taking an active part in the presidential election of 1936.

#### Division of Power

The Constitutional Fathers were not in agreement among themselves on the proper division of powers between the national and state governments. All of them realized, however, that there were certain problems which could be handled only by a national government and that there were others which could be dealt with better by the separate states. Finally, after a number of compromises, they agreed upon a Constitution which named certain fields which the national government should occupy, and left the other activities to the states.

Problems which, at the time, seemed clearly to be national were turned over to the national government. It was seen, for example, that if foreign commerce, and trade among the states, was to be regulated, it would have to be by a national government, so control over foreign and interstate commerce was given to Congress. It was also seen that the coinage of money, relations with foreign governments, national defense, the carrying of the mails, and several other governmental functions were national in character, so the national authority was extended to them. Naturally the question of regulating wages did not come up, for there were no great national industries at that time stretching across state lines, employing thousands of men in different sections of the country. Other problems which we have with us now were then unknown, so decisions as to whether they should be handled by state or nation were not made. The point is that the Constitution provided that the national government should handle problems which were then seen to be national, and that problems which were then local in character were left to the states.

It was natural that there should have been some disagreement on certain points. A particular problem seemed national to some, and local to others. Certain persons thought it could better be handled by the national government, and others thought it could be solved better by the states. Disputes of that kind have continued. As times and conditions change, it has happened repeatedly that problems which had

(Concluded on page 8)



PREPARING THE POISON BREW ONCE MORE

—Kirby in N. Y. World-Telegram

## Full Steam Ahead

"The only happy people are those running at full steam ahead," said Dr. Alan C. Valentine recently in his inaugural address as president of Rochester University. "Unemployed workmen lose their morale," he continued. "Unemployed rich men search disconsolately the seven seas for a contentment they never find. . . . When a young man finds a sensible use for his talents, his friends, with obvious relief, say that he has 'found himself.' Men find themselves by concentrated effort, not by dissipation."

President Valentine did not mean, of course, that one should dash about at a feverish pace, racing through life, burning the midnight oil, enslaving himself to his tasks. That isn't the way to get things done. One should be capable of superlative effort in a moment of crisis, but day in and day out, he should follow a steady pace, avoiding the waste of dawdling on the one hand and the nervous exhaustion which comes from too restless effort on the other. Many of the hardest and most efficient workers seem never to be in a hurry because they have a time for all their tasks, they keep their work up on time, they are never crowded or worried by their obligations. They are masters of their destinies and not the slaves of the daily routine.

But if one is to be happy and successful he must know what he wants to do and he must keep driving toward the goal. He need not and should not be worried or hurried by his job. He need not undertake more than he can accomplish, and by no means should he limit too closely the time given to recreation, play, and the satisfaction of the need for amusement, beauty and friendly association. But there should be an objective. Each person should set tasks for himself; tasks that will command his best effort. Then he should organize his time so that every moment which may be given to work may find a constructive outlet. This is an obligation that rests particularly upon the more gifted students. There is danger that they may develop shiftless habits; habits which in the end may prove ruinous. Being talented, they can quickly master the lessons which have been assigned. They can do the required work and then have time on their hands. What will they do with this surplus time? Their answer to that question will prove the test of their character and will determine largely the success of their careers. If they can do that which is required easily they should undertake to do more than is required. In that way they will grow in learning. They will acquire a broader education. They will develop power. More than that, they will achieve the happiness which comes from the full exercise of one's powers. They will experience the thrill which comes from measuring their intellectual strength against a job worthy of their finest efforts. They will discover the satisfaction which comes only to those who run at "full steam ahead."

## Nazi Party Acclaims Reich's New Power

In Less Than Four Years Hitler Has Rearmed Nation and Has Won Full Equality

### BUT ECONOMIC ILLS REMAIN

People Continue to Undergo Hardships While Waiting for Promises of Nazis to Materialize

Against a background of tremendous Nazi banners, with his voice roaring through loud-speakers over the heads of a massed crowd so large that the back rows seemed to be only blurred lines, Hitler, the idolized leader of the Germans, told the members of the National Socialist party (the Nazis) that Germany must stand as the bulwark against communist expansion in Europe, that Germany must have more room and more sources of food for her people and materials for her industries. He was addressing the fourth annual meeting of the party, at Nuremberg.

He talked so bitterly about Russia and communism, and spoke so emphatically about how prosperous Germany would be if she had resources like those in the Ukraine or Siberia, which are now part of Russia, that a wave of worry swept across the other countries. Did this mean that Hitler was going to start now to use the tremendous new army which he has built up? Would what he said about Russia make the Russians so angry that they would start to fight?

#### What Next?

The other European governments already were very much concerned because, step by step since he came into power three and a half years ago, Hitler has shaken off from Germany the various restrictions of the Versailles Peace Treaty and has made Germany over into the most tightly knit and most heavily armed country in Europe, not excepting Russia. Long ago, while he was still unknown, Hitler had written that Germany not only must get rid of the humiliations and limitations of the Versailles Treaty, but that she also must have more room for expansion. The first part of this program has now been carried out. Was this Nuremberg speech an announcement that Hitler has decided that the time has come to start on the second part? That is what the other governments and people asked themselves.

In later issues of THE AMERICAN OBSERVER we shall discuss what this rise of Germany to and even beyond her old position of power in Europe means in relation to the other countries. This week, let us examine the internal situation. Let us see what has been happening to the German people and how they are faring in this, the fourth year of their dictatorship. Against such a background the major lines of foreign policy will be more readily understood.

Germany today is vastly different from the Germany of 1932, and yet the general appearance of the country and of the people has changed less than might be supposed. The casual visitor might easily remain ignorant of the fact that a profound revolution has occurred and that a new kind of society is being molded. One of the most observing and intelligent of recent travelers in Germany, an Englishman, Sir Arthur Willert, has this to say of his first German impressions in his very interesting



and informative book, "What Next in Europe":

The Germany through which we traveled lived up generously to our memories of the Germany of our youth. Everything that one had then liked was still in evidence. The neatly swept towns, the beautiful lines of streets, the bright paint and the carved woodwork of the houses, the window boxes, the queer tiled roofs, the graceful churches, with their sonorous bells, looking as if they were waiting for some religious procession—towns to which modernity has given cleanliness, order, decency, self-respect, without exacting in return, as is so often the case in other countries, the right of ruthlessly ruining the beauty of an old square, an old street, or an old bridge in the interests of utilitarian progress. The villages still had their carefully tended gardens bright with old-fashioned flowers. There were still those lilacs which, as a boy, I had so often admired, with their trunks as thick as one's leg, carefully trained and trimmed through the long years to look like trees instead of overgrown bushes, as lilacs do with us. The woods and farmlands were as neat and as well cared for as they used to be. We slept in the same hotels, with their solid Victorian comfort, and the same preference for eiderdowns instead of blankets. The food was of the same satisfying standard type. . . . We saw no signs of the rough intolerance of the authoritarian state.

This British observer found excellent new roads, for the German government, like our own, has engaged in a great public building program, and much of the construction work has taken the form of road building. The roads are built partly to give jobs to the unemployed, but also for military reasons. A network of fine roads is being spread over the nation so that armies may be quickly moved in time of war. The roads are lined with commercial and passenger cars. New cars are much in evidence on the city streets. Houses are being built in the suburbs. Factories are humming with activity. Places of amusement are filled. The people are friendly, courteous, and helpful to the foreign visitor. There are soldiers everywhere, but they, especially the officers, seem more democratic, less haughty, than did the uniformed men in the days of the Kaiser.

#### Another View

That is one picture of Germany. It is a rather pleasant picture of conditions as they appear to the average traveler who has not the opportunity, and perhaps not the inclination, to look beneath the surface. But there is another side of present-day Germany which is more meaningful, if less pleasing. The following incident is a case in point:

"You must be a soldier."

"I don't want to be a soldier."

"You have to be. Every boy must get ready to fight. It's the finest thing he can do. That's what our Leader says, and he's always right about everything."

"He's not right about that. And anyway, I wouldn't be a German soldier."

That was an American boy of nine arguing with some German boys in a summer resort on the Baltic last summer. They said he must join their company of boys and be trained to fight. He said Americans did not believe in fighting, and refused. They grew angry. Blond, blue-eyed, and stubborn, the young American stood with his back to the wall and told the German boys to try to make him join their gang. Just when words might have changed to blows, a Storm Trooper, one of the young men's organizations that Hitler has formed, came along. He told the boys to leave the American alone, and marched them off down the street—left, right, left, right, in the perfect timing and the perfect goose stepping which these youngsters had begun to learn in the kindergarten. For since Hitler came into power, all the German boys, almost from the time they can walk, have been taught to march like soldiers, to think of

themselves as soldiers, to look forward to fighting for Hitler and Germany as the highest privilege they can have. Left, right, left, right, in rigid marching lines—that is the way boys go to and from school in Germany today, not running helter-skelter and free the way they do in America.

This same military way of thinking has been drilled into everybody during the last three and a half years. It is Nazi gospel that everyone, man and woman, boy and girl, must be ready and glad to sacrifice himself for what Hitler calls the "totalitarian state"—the people as a whole. The individual, he says, is nothing; the state is all. And he, as the head of the state, is the absolute master.

#### Effects of Dictatorship

Hitler and his Nazi party have not only taught this idea to the Germans, they have also changed the whole make-up of the German government, German industry, German agriculture, German education, and all the rest of German society to correspond. Anyone taking the trouble to look at the German scene closely, today, will note the effects of Nazi dictatorship. Where Germany was once a federation of partially self-governing states, she is now a tight unit, with all the strings pulled by a powerful central government in Berlin. Where German industrialists and businessmen once functioned as free individuals in a typically capitalist society, they are now the objects of strict government supervision and dictation. Problems of production, wages, hours, and margin of profit are decided by a single political party which does not submit itself, or its plans, to the free discussion and free decision of the people. The press sings paeans of praise to the government and prints only the information approved by Minister of Propaganda Goebbels. The radio is the voice of the Nazi party. Even the pulpit is held in check. Briefly, Germany is a nation in armor.

What have been the results of this tying and binding of a people? There is no denying that some of them have been beneficial. Most important is the new courage and new hope which Hitler has brought to millions of Germans. The years following the World War were bitter ones for Germany. Once a proud and mighty nation, she had been reduced by the war to the humiliating position of a second-rate power. She had been saddled with war reparations, denied an army, and stripped of her colonies. All this, to be sure, was the price of defeat in the World War, but the pill was nevertheless a hard one to swallow. The post-war republic was never able to overcome this feeling of defeat and humiliation.



—Photo by E. M. Schumacher, Berlin  
"THE WOODS AND FARMLANDS WERE AS NEAT AND AS WELL CARED FOR AS THEY USED TO BE"

But in less than four years Hitler has done it. He has boldly thrown overboard the Versailles Treaty and has given Germany the best-trained and, many think, the strongest army in Europe. He has rearmaged the demilitarized Rhineland. He has made Germany strong and has used her strength to win concession after concession from

foreign nations. Today, Germany is the full equal of the strongest power in Europe. The people are no longer depressed. Many of them, of course, hate the tyranny and brutality which have come with Hitlerism. They violently disapprove of the persecution of the Jews and other appointed enemies of the Nazis. They long for a free press,



—Photo by K. Muller, Fribourg  
"WE SAW NO SIGNS OF THE ROUGH INTOLERANCE OF THE AUTHORITARIAN STATE"

for the right to their own thoughts. But is there a German alive today who is not proud that the Fatherland has regained its place in the sun?

Besides lifting up the German spirit, Hitler has placed the nation at work. Unemployment has been reduced from 6,000,000 in 1933 to less than 2,000,000. As we have seen, factories are busy turning out goods, roads are being built, buildings are being put up. Germany is certainly enjoying a measure of economic recovery such as she has not experienced since before the depression.

#### Is It Prosperity?

But upon examination it is found that the recovery is on very shaky foundations. Unemployment has been reduced chiefly not by an expansion of private industry but, directly or indirectly, by vast government employment at public works, the putting of men into the army and labor camps, and the growth of the munitions industry. The government has not the money to pay for its huge rearmament, military and naval preparedness, and public works programs, so it borrows the money and goes into debt. That is being done in the United States (for public works and relief), of course, but not to the same extent. And the borrowing policy is more dangerous in Germany because that country has not the wealth or the resources which other nations have. It cannot so easily pay off a debt. The people are already bearing taxes much heavier than Americans pay, and they could not stand a much heavier load. So it seems there must be a limit to the amount the German government can borrow for roads, canals, public buildings, airplanes, munitions, naval vessels, and the upkeep of a powerful army. But if these expenses were cut, the appearance of recovery and prosperity would soon vanish.

As a matter of fact, there really is not prosperity or anything like it in Germany. Most of the adults are employed, and the youths are organized into marching clubs, labor camps, or the army, but those who are employed receive very small incomes. Wages are desperately low. More than half the workers are said to get less than \$10 a week and less than a fourth of them make as much as \$15 a week. One might get along on that amount if prices were low, but in Germany prices are about as high as in the United States. The average employed worker in Germany cannot live any better than an American worker could if he were getting \$10 a week or a little over \$40 a month. That is not enough to support a family in even fair comfort. And

while wages are not rising—even falling—prices are mounting.

It is clear, then, that the German people, while they may be better satisfied, are not getting along well. The all-powerful Hitler has not been able to give them security or comfort. Why is this? Hitler and his Nazi supporters have a ready answer. The country, they say, is not prosperous because it lacks resources. The land and the mines do not yield enough of what is needed. Industry cannot flourish until it can get more raw materials. These materials are needed for military purposes as well as industrial. There are insufficient supplies of such products as rubber, gasoline, cotton, copper, and fats. These cannot be bought in sufficient quantities from foreign nations for Germany is too poor to pay for all she needs, and her credit is bad.

By controlling foreign trade rigidly, the government tries to import only the most necessary products. And to make up for the deficiency it is encouraging scientists to develop substitutes for rubber and other needed materials. He is launching a Four-Year Plan, at the end of which he promises Germany will be fully self-sufficient.

#### Resources Lacking

But Hitler is not content to struggle with the poverty of the German soil, and here we have the key to the nation's foreign policy. He declares that the nation cannot live on the land it possesses. It must have more territory. It must have new sources of raw materials of its own. Thus, Hitler is preparing to demand restoration of at least some of Germany's lost colonies. And it may well be—many are convinced of it—that he expects to spread the sway of the Nazi swastika in Europe. There is Czechoslovakia, and above all, his hated enemy, Russia.

The Nazis argue that with more territory they could bring comfort and plenty to the German people. They brush aside the evidence which tends to show that colonies, or any other form of territory or resources, do not of themselves automatically guarantee prosperity to a nation. Great Britain, with the world's largest colonial empire, is not a prosperous nation. The United States, with its splendid resources, is just emerging from a terrible depression.

But these things mean nothing to the Nazis. They claim their new strength will in the end achieve riches for Germany. They make glowing promises of good times to come. The people are told to bear their present hardships cheerfully and to wait for *Der Tag* ("the day") when Germany will be turned into a land of milk and honey. Whether they themselves sincerely believe this, or whether it is a convenient method of keeping popular support for their dictatorship, is a matter about which there is some question. The vision of a glorious future is frequently the tool of dictators.

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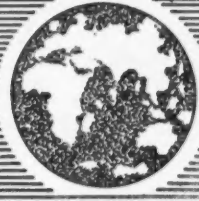
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# AROUND THE WORLD



**Spain:** The most spectacular development in the Spanish civil war, in recent days, was the bombing in Toledo of the centuries-old fortress, the Alcazar, where 1,700 rebels had been entrenched. Although the loyalists were anxious to avoid the death of the women and children also barricaded in the fortress, negotiations for their release failed.

The Spanish government was forced to this decision by the need for removing troops stationed near the Alcazar to the southern approaches of Madrid, where the rebel strength was being concentrated.

Meanwhile, evidence that fascist powers were supplying the insurgents with arms accumulated. A correspondent of the *New York Times*, who risked his life in the rebel camp, reports that German airplanes, piloted by German aviators, were actively engaging in the war. Further advices indicate that Italian aviators also participated in the battles, while materials were being shipped across the Portuguese border.

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**Geneva:** The League of Nations, meeting in the midst of a situation as tense as Europe has not experienced in 18 years, was faced by two immediate and two more remote problems. The first question had to do with Ethiopia. Mussolini had promised that he would cooperate in the further work of the League, but only on the condition that the Ethiopian delegates were not seated in the Assembly. Concretely, the problem was how to go about the delicate task of keeping the Ethiopians out of the meetings without at the same time making it appear that any recognition was being given to Italy's conquest of Ethiopia. At the last moment, the League officials had faith that the complicated machinery of this body would be competent to arrange the matter.

The second immediate problem was raised by the Spanish delegation which demanded that the League take action to halt the intervention of foreign powers in the Spanish civil war. It had been hoped that this question would not be taken up, but that hope proved futile.

Once these issues are disposed of, the delegates will have to take up the Locarno Treaty which Hitler tore up last March when he sent his troops into the Rhineland. Any progress in reviving this agreement will be considerably hindered by Germany's unwillingness to include Russia in the negotiations. If the League should finally hurdle these barriers, it will still be faced with the difficult task of its own reorganization, a task made necessary by its failure to adjust the Ethiopian war.

\* \* \*

**Brazil:** In a stealthy manner, designed to avoid unwelcome publicity, President Getulio Vargas has gradually been insti-



© Wide World

**FAR FROM THE FEARS AND TENSION OF THE OLD WORLD**  
Rolling fields of grain in Alberta, Canada. The province is reported to be enjoying unusually fine crops from its soil this year.

tuting a semi-fascist dictatorship in Brazil. It was last November that he charged Communists with being responsible for an attempted rebellion and made use of the occasion to place the land under a state of siege. Claiming that radical activities continue unabated, he has now had the period of siege extended for three more months.

Impartial correspondents, interested in the truth of his charges, have made an extensive investigation of conditions in Brazil. They find that there is no reason for believing in the existence of any widespread communist activity in Brazil. In the urban centers the people seem to be enjoying a moderate degree of prosperity. There is, in fact, such a shortage of workers that employers, to keep them, have to show a rather surprising amount of consideration. While it is true that the condition of the peasants is not equally promising, communist activity could not have made headway among them for the obvious reason that they are largely illiterate or too poor to own a radio.

In view of these facts, the inference has been drawn that President Vargas has himself encouraged this communist scare in order to obtain for himself more power. That this conclusion is not far from the truth is borne out by a number of factors, in addition to the state of siege. These include Vargas' efforts to extend his term of office, his strengthening of the political influence of the army, and his arrest, upon flimsy pretext, of his political opponents. A development not yet clearly outlined but one which bears interest is the increasing friendliness between Brazil and Italy. Brazil was one of the few countries to refuse to invoke sanctions against Mussolini and it surmised that in return for this refusal, the Italian authorities would be willing to give Vargas a few lessons in political skill.

\* \* \*

**Cuba:** The first threat to the stability of the Cuban government, under its newly elected president, Miguel Gomez, issued last week when a bomb wrecked a newspaper building in Havana, killing four persons and injuring over 20. Another bomb, which failed to go off, was found placed in the structure of a second newspaper. Various explanations have been offered to account for this sudden violence.

One relates it to the civil war in Spain. According to this version, both newspapers had shown obvious sympathy for the Spanish rebel cause, thereby provoking the displeasure of radical groups. The second version places the responsibility

upon the government. Following his inauguration, President Gomez issued an amnesty releasing a number of political prisoners. Certain groups, however, have recently complained that the amnesty was not generous enough and that it affected the release of only a small number of prisoners. Despite the fact that this criticism had become widespread, the two newspapers involved in the present incident continued to give their unwavering support to Gomez.

Whatever the cause, the bombing may result in further trouble in Cuba, where it had been believed that the people were tired of continuous political turmoil and were making an effort to carry on orderly government.

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**Czechoslovakia:** A conference of the Little Entente, comprising Yugoslavia, Roumania, and Czechoslovakia, was recently concluded in Bratislava. The chief result of the meeting was the decision, by the three powers, that in the event of a European war, their interests must be considered as one. Translating this decision into concrete terms, the delegates agreed to unify their military machines and adopt a common strategy of war. In effect, this means that should Hitler attempt any invasion of Czechoslovakia, he will have to meet the united resistance of the three powers. This decision strengthens considerably French influence in Central Europe. Moreover, Yugoslavia and Roumania agreed upon the construction of a bridge over the Danube River to assure a connection between them in the case of war. Finally, various trade concessions were arranged by the three nations, binding them in economic as well as military alliance.

\* \* \*

**China:** The fifth anniversary of the start of Japan's drive into Manchuria (September 18) was observed through all China as a day of mourning, with places of amusement closed, flags at half mast, and many of the people dressing themselves in the coarse white clothes which are used at funerals. In order to avoid possibly serious trouble, since the feeling against Japan is so strong in China, all public parades and demonstrations were prohibited and the police in the principal cities were ordered to take special precautions to prevent attacks on Japanese. In spite of these orders, however, students in Shanghai staged a demonstration which the police finally succeeded in breaking up with considerable difficulty. More than 30 people were hurt, and 50 were arrested.

**Iraq:** A new "Labor Charter" which gives the workers privileges and rights that the workers in older western countries have struggled for for many decades has just come into force in the four-year-old Arab kingdom of Iraq. The provisions protecting the workers are numerous. Hours of labor per day are to be set by the government, but definite rest periods must be allowed and there must be at least 24 continuous hours of rest after each six days of work. Night workers must have at least 11 hours of rest. Persons under 15 may not be employed in industry. Factories must have safety devices on the machines. Compensation for injuries while working is compulsory. The workers may organize into unions. Labor disputes may be settled by boards of conciliation set up by the government and including representatives of both sides. The government also has the right to fix minimum wages.

There is comparatively little manufacturing in Iraq, and most of the people still live in the old semi-nomadic way. The new labor laws will not touch these people. But they will have considerable influence, if they are put into effect vigorously, in the important oil fields where modern production methods have been introduced on a large scale.

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Following the slaying of several Japanese citizens on Chinese territory, the Japanese government is strengthening its naval fleet in Chinese waters. Chinese officials entertain grave fears that this incident may cause the long-expected rupture between Japan and the Chinese Central government.

\* \* \*

Dr. Nicholas Titulescu, recently ousted as foreign minister of Roumania, is seriously ill in Switzerland. Particular interest has been aroused by his illness because of a charge that he had been poisoned by his political enemies, a charge which Dr. Titulescu himself believes to be well founded.

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A strike of textile workers in Lille, France, which threatened a renewal of the series of strikes which harassed the early days of the Blum régime, was brought to a close by compromises on the part of both the workers and their employers.

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The Soviet government in Moscow is making extensive preparations for its forthcoming population census which it hopes to complete in a single day. The last census, in 1927, revealed at total Russian population of 147,000,000.



**THE SWASTI-CAR**  
—London Daily Mail





THE HURRICANE COMES IN FROM THE SEA

Looking into the storm from the New Jersey Coast. Residents are shown anxiously watching the mountainous waves, ready to flee their water-front homes.

© Acme

## Fireworks Coming

Somewhat to the surprise of most people, the campaign to date has lagged considerably on both sides. This is not to be taken to mean, however, that there will not be a lively period of heated debate. The fireworks are simply being held up, and it is unlikely that they will be set off until early in October.

It appears that the active period of presidential campaigns in the United States may be shortened as a result of changing methods of campaigning. Our campaigns have always been longer than those of any other country. When the British elect a parliament, the campaign lasts only two or three weeks; whereas in America our important political contests have proceeded over a period of several months. The explanation, or part of it, lies in the fact that England is a very small country and the leading candidates can get into every section within a short time. The United States is a large country, scattered over a wide domain, and when campaigning had to be done directly by means of public meetings, it took the candidates quite a while to get over the country, or at least to appear in all sections. Now, however, we have the radio and the nationwide hookup. A candidate can at one and the same time address all interested voters throughout the nation. It is not necessary for him to consume weeks in order to present his case to all sections.

Not only is it not necessary, but it is not desirable that he should campaign actively over a long period. The reason is that everyone all over the country hears every important speech that a candidate makes. Now, if the speechmaking is continued over a long period, there must be a great many repetitions, and when account is taken of the fact that the audience is much the same, these repetitions become boring. That is probably the explanation for the decision of both parties to hold back the main part of their fire until a few weeks before election. It is not unlikely that after a while the parties, taking into account the changing technique of campaign-

ing, will alter the date of the conventions, doing their nominating in August or September rather than in June or early July.

It is generally assumed by those who are in close touch with the political situation that the Republicans are holding back considerable heavy fire. It is known that the Republican National Committee sometime ago employed a number of competent economic advisers—a sort of "brain trust." It would be very strange indeed if these experts in economic and political research had not worked out some very effective arguments against the Roosevelt policies; yet nothing has been heard thus far in the campaign, except the old line which has been under discussion for many months. It is practically certain, therefore, that the Republicans have some hand grenades up their sleeves to hurl at the Democratic battlements awhile before election. It is equally certain that the Democrats have some inkling of the nature of the probable attack and that counter moves are being planned. Charles Michelson, manager of Democratic publicity, is a crafty manipulator of argument and is not likely to be caught napping. It would appear, therefore, that the American public will not be denied a real show this year as the date of the election approaches.

## Landon the Man

The publicity departments of both parties put out so much pure ballyhoo during the campaign about their candidates that the voter is at a loss to know much about the personalities of the men who are running for the highest office in the land. If a true picture is to be obtained, it must come from an impartial source. It is for that reason that the following sketch of Governor Landon, written for the *Christian Science Monitor* by Edwin Canham after he had "covered" the Republican candidate for sometime, is worth while.

Governor Landon, starting from scratch and learning with amazing speed, puts on a show that is getting better with every railroad mile. I don't know how many votes he is winning. But it is obvious to anybody on his train that Governor Landon is now conducting a real campaign....

The Landon show, in a word, has no dramatic accents and overtones. Here is a ruddy-faced man, with twinkling eyes and a grin as broad as his drawl, and a square jaw and square glasses, who likes people and enjoys greeting them if there aren't too many. At the rostrum before thousands, with a million or two listening over the air, Governor Landon tends to freeze. To put it bluntly, he appears to have a kind of stage fright—or buck fever—which is far from being an unkind criticism. One radio coach told him to imagine that he was talking to his great chum, his daughter Peggy Anne, and thus achieve a nice, conversational tone. That wasn't quite good enough. So the big speeches aren't so effective with the visible crowd as the little rallies are. But it is the performance of a sincere, warm, friendly person, who is beginning to get the feel of the hustings.

## Reasons for Roosevelt

Dorothy Thompson, wife of Sinclair Lewis and a popular writer on current public problems, clearly presents the philosophy behind

# The Week in the

## What the American People

the Roosevelt supporters who believe that strong governmental action is imperative for the good of the country. In one of her syndicated columns, appearing recently in the *New York Herald-Tribune*, she contrasts what she considers to be the essential difference between the Roosevelt philosophy and the Landon philosophy of government and their effect upon the popular psychology. These are the main points of her discussion:

This election will be decided less by thought than by instinct. But instinct is telling a great many people that Mr. Landon stands for government doing as little as possible; for trusting to the free play of economic forces to get and keep this country stable and progressive; and that Mr. Roosevelt stands for government setting objectives, giving directions, and actively doing something.

I believe that the people of this country, the majority of them, and by no means the least patriotic and least intelligent, WANT government to take direction, WANT leadership, WANT action. I believe that the whole course of history is in this direction and that it is as inevitable as that the sun will rise tomorrow. And if Mr. Roosevelt wins it will be for this reason. He will not win for his achievements, not for his personality, not for his radio voice, not for his statesmanship, but because he has shown himself more keyed to the temper and the yearnings of the world as it is today. If one tries with the most honest, objective, and even anxious thought, to analyze the impression that Mr. Landon is creating, it is the impression of timidity, of apprehension of the future, of taking cover under old formulas and old procedures. It is the impression of fear—of what lies around us, visible on all sides, Fascism, Nazism, social unrest, mass discontent, Communism, war. And Mr. Roosevelt creates the impression of affirmation, of movement, of recognition, and of feeling that this nation is strong enough and powerful enough, somehow, somehow, to approach the future head on, and to work out new patterns of life which conform to the realities of the time in which we live.

## Mr. Hearst Accuses

The chain of newspapers owned by William Randolph Hearst makes the charge that President Roosevelt has the support of radicals, that communists and other extremists



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V.F.W. ON PARADE

The Veterans of Foreign Wars parade during the annual encampment held this year in Denver, Colorado. Some 6,000 veterans attended the encampment and listened to speeches at the convention meetings charging that communism and fascism are growing menaces in the United States.

are working to elect him and to defeat Governor Landon, and that the President is influenced by this radical support. President Roosevelt found out in advance that this attack would be made, and a statement came



ON THE LINE

While striking lettuce workers and police clashed in Watsonville where strikebreaking

from the White House referring to Hearst as a "notorious publisher," and denying flatly that the President had any connection with radical movements.

It is a fact that communists and other radicals are working hard to defeat Governor Landon. Earl Browder, the communist candidate for president, has openly said so. It is not a fact that President Roosevelt is in the least influenced in favor of radicalism because of this support. Mr. Browder, speaking recently before the National Press Club in Washington, made the statement that whenever the communists said anything favorable to the Roosevelt administration, the President at once moved over toward the conservative side to avoid any association with radicalism.

The charge that President Roosevelt is influenced by extreme radicals because some of them support him reminds one of a similar charge made by certain anti-Landon elements against the Republican candidate. They charge that because William Randolph Hearst supports Landon, Landon is influenced by Hearst, is, in fact, dominated by Hearst. It is a fact that Hearst supports Landon. It is not a fact that Landon is influenced by that support so that he will do Hearst's bidding. He has already demonstrated his independence by coming out against policies, like the requiring of teachers' oaths, which Hearst warmly supports.

Intelligent voters will study the records, the platforms, and the promises of the candidates. They will study the policies of the leaders in each party upon whom the candidates, in case of election, must depend for support. In the light of these studies they will make up their minds which candidate would probably serve the country best. But charges that either candidate is dominated and controlled by every individual or group which happens to support him, is not worth a single minute of the voter's time.

## Al Smith Walks In

If, as is now reported, Al Smith enters the campaign with a number of speeches attacking President Roosevelt and the New Deal, the fireworks will be flying before November 3. Mr. Smith is one of the most colorful political figures in the country, and although he has been silent since his famous address in January before the American Liberty League



THE FRUITS OF LABOR

—Cargill in McKeesport (Pa.) Daily News



# United States

## Doing, Saying, and Thinking

is expected to come out strongly against the President in a number of states where he is still to have a large political following. It is reported that he will take the stump in New York, Pennsylvania, New Jersey, and



**LETTUCE STRIKE FRONT**  
Salinas, California, all was quiet in this area, near the strike front, as shown picking and packing the crop.

Hear Massachusetts. It is these states that the Democrats are particularly anxious to carry, and as they are now in the doubtful or borderline class.

Although the President and Mr. Smith were formerly close political friends, they have drifted farther and farther apart since 1932. During the last presidential campaign, Mr. Smith made a few speeches on behalf of the Roosevelt ticket, but it was obvious that his support was none too warm. Following the launching of the New Deal, he became critical of many of the policies, and culminated his criticism in January with a scathing attack upon the administration. If he now enters the campaign, it will be under his own auspices, neither the Republican party nor the Liberty League sponsoring his addresses. It is not known whether he will actively support Governor Landon or whether he will confine himself to urging the defeat of Mr. Roosevelt. In either case, the effect upon the Democratic cause in November will be the same.

### Strike in the Lettuce Fields

Often an unexpected heat wave sends the price of lemons skyrocketing overnight. In the same way, a strike of lettuce workers in California this month has caused many cities in the East great inconvenience. Lettuce has become scarce, and the available supply is of a decidedly inferior quality. The California strike is particularly significant not only because it is one of the most serious labor disturbances in that region in recent years, but also because of the issues involved.

Lettuce workers are not striking for higher wages. They have left their jobs because they want their employers—most of them large corporations—to give preference to union members in employing workers for the lettuce fields. The union is a member of the American Federation of Labor and is being supported by the Federation.

Another reason why the strike assumes unusual importance is the fact that up to now the A. F. of L. has made little headway in organizing agricultural workers. Its main efforts have been with industrial workers. A majority of the workers in the Salinas fields (scene of the present strike) became members of the union, and the state Federation of Labor laid plans to enlist other agricultural workers throughout California.

The present conflict is between the Fruit and Vegetable Workers Union and the Associated Farmers, an organization to which most of the growers belong. In 1933 and 1934 the labor union had a contract with the growers' association, but this year the growers refused to renew the contract, being opposed to organized labor. The workers then went out on strike and insist they will hold out until their employers agree to recognize their union as in the past.

### Hurricane

On September 10, a little tramp steamer tossing in the South Atlantic flashed a message over its radio. "Hurricane!" the operator signaled, giving at the same time the ship's position and what information he could about the rising winds and seas.

The powerful receiving station of the United States Weather Bureau picked up the message, and immediately weather experts prepared for a battle of wits with the fury of nature. It is their task to keep track of weather disturbances, to chart the course of storms, and to warn people who are in the path of danger.

Later reports of the hurricane's progress were sent in by other ships. The Weather Bureau, with its knowledge of storms, was enabled to determine that the gale would strike the coast of North Carolina and Virginia around noon on September 18.

The minute this was known operators jumped to their sending sets. Word was sent out to stations on the coast. Thus forewarned, Coast Guardsmen patrolled the endangered areas, helping to remove families to safer places. Storm lights and warning flags were displayed. Seaplanes set out and dropped signals attached to floats, sending small boats scurrying home to safety. The Red Cross prepared for relief work after the storm. Finally, when the big wind came ripping and roaring from the sea, the people were ready



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### ENIGMA

Attorney General Cummings is puzzled by this mural picture of himself, painted outside his office door by the noted artist, Henry Varnum Poor. It represents him turning his back upon the Supreme Court, an act for which the justices once reprimanded a lawyer.



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### PRACTICE SESSION

The opening of the school year signals the beginning of the football season. Here is the Stanford University team training at the Stanford farm, near Palo Alto.

for it. Many lives which might have been lost were saved because of the work of the Weather Bureau.

### On with the Show

Even a great political show like the Philadelphia assembly before which President Roosevelt delivered his acceptance speech does not always run without fairly serious hitches. Paul W. Ward, whose weekly contribution to the *Nation* is read by thousands for the "inside story" on many political developments which it gives, tells of some of the hitches at Philadelphia in his discussion of campaign gossip in a recent issue. The occasion was not without its humorous element, although it must have seemed quite tragic at the time. Mr. Ward writes:

You doubtless read at the time many highfalutin stories attaching profound significance to the manner in which the President delivered that acceptance speech. Some found in its slow and measured pace tired and discouraged notes, which they immediately interpreted as symptoms of defeatism. Others interpreted its pace in terms of deep religious and even messianic significance. And there were others who—but there's no need to lengthen the list; the important thing is that all the interpreters were pundit and no two agreed. And the truth of the matter is that the manner affected by President Roosevelt in delivering his acceptance speech had no political significance whatever. In the great stadium where he spoke, the amplifiers down at the far end threw back his phrases at him seconds after they were uttered, and he had to affect a slow deliberateness in order to keep from seeming, to himself at least, to be making two speeches at one and the same time. The moments before the speech was delivered were no less unhappy for the President than the acoustics which accompanied the address. As he sat on the platform trying to compose himself for the most important address of his career, Philadelphia's Mayor Wilson insisted on pouring into his ear the minutest details of the city's preparations to guard against the President's being assassinated, details about the thousands of cops stationed about the stadium, the thousands of fire fighters reinforcing them, and the machine guns on the roofs. Then, to make matters worse, Senator Robinson, who was to speak four minutes in introducing Roosevelt, lost his manuscript and spoke only one minute, thereby catching the President unawares. A few minutes earlier Roosevelt nearly had lost his own speech, for as he came up the ramp to the platform one of his braces came unfastened, and his son, kneeling to fasten it, put down the manuscript he was carrying for his father and a gust of wind scattered its pages among the feet of the trampling throng of ward-healers and Roosevelt worshippers.

Nearly a thousand of the remaining 4,391 veterans of the Grand Army of the Republic gathered in Washington last week for what may be the last national meeting of the Union Civil War veterans. They listened to speeches and paraded down the same Pennsylvania Avenue over which they marched in triumphant victory at the close of the Civil War. The average age of the veterans attending was 92.

John McCormack, famous Irish tenor, has returned to the United States after an absence of more than a year and a half. He will shortly begin a concert tour which will take him to more than 35 cities during the winter season. In between times, Mr. McCormack is writing the story of his life.

## THOUGHTS AND SMILES

Java coffee planters notice they get more coffee after a volcanic eruption. It takes something similar to get the same results in some restaurants. —Savannah (Ga.) MORNING NEWS

We of America are altruistic—we are good neighbors—but we cannot prevent wars between foreign countries. . . . We will not go to war to protect the foreign investments of any financial buccaneers within our midst. —Harry H. Woodring, assistant secretary of war

Colonel Knox points out that there are 52 taxes hidden in the price of every loaf of bread. We begin to understand why money is so often called dough. —Worcester (Mass.) GAZETTE

If a fellow isn't seen around for a couple of months in a campaign year, it turns out he is running for vice-president on a third ticket. —Atlanta (Ga.) CONSTITUTION

Our government is based on the belief that a people can be both strong and free, that civilized men need no restraint but that imposed by themselves against abuse of freedom. —Franklin D. Roosevelt

A noted fighter says he gets timing in his punches by boxing to music records on a phonograph. Of course, it must be swing music. —Kalamazoo GAZETTE

A savage tribe recently discovered in the Brazilian jungle uses eggs for money. A person who hoards money there soon wishes he hadn't. —Washington Post

A Nebraska schoolboy won a prize as the champion smiler. Think of a kid that age practicing to be president. —Savannah MORNING NEWS

A scientist reports that there are men on earth so primitive they don't know what a year means. Evidently they have no income tax collector. —Boston TRANSCRIPT

Many a novelist gets the idea for his new book from the moving-picture adaptation of his last one. —Los Angeles TIMES



—BUT NAMES WILL NEVER HURT US

—Shoemaker in Manchester (N. H.) Union



## Historical Backgrounds

By David S. Muzzey and Paul D. Miller

### The Economics of Colonial Expansion

AT A time when Hitler is screaming to the nations of Europe that Germany must have colonies if she is to live; when Japan is steadily marching into China to increase the size of her empire; when Italy is undertaking to "civilize" the Ethiopians and make a great colonial empire in Africa; in a word, at a time when the question of colonies is definitely in the forefront of international affairs, it is appropriate to examine some of the facts dealing with the colonial period of our own history in order to see whether the same motives that impelled nations to seek overseas possessions in those days hold sway today.

In order to get a true picture, one must first answer the question, why have nations sought overseas colonies in the past, and why do they want them today? Insofar as the present is concerned, the answer is not difficult to find, for the spokesmen of the nations seeking colonies are repeatedly stating their views. Hitler and Mussolini and spokesmen for the Japanese government have outlined their positions fairly clearly. They say that they must have additional territory in order to settle their surplus population, to obtain raw materials necessary for their industries, and to have a market for their surplus industrial products. The answer in the seventeenth century was equally easy to find, if one has the patience to scan the records of history of that period.



DAVID S. MUZZEY

#### Value of Colonies

The notion that held sway during the period that England was building her great empire in America and the other nations of Europe were seeking to expand was that colonies resulted in additional prosperity to the mother country. The stories of riches that were brought to Europe from the new lands conjured up images of great wealth to be obtained. Spanish ships laden with gold and silver from Mexico and Peru had much to do with this early notion.

With such a vision dangled before their eyes, there is little wonder that English capitalists were anxious to invest their money in companies organized for the purpose of colonizing the New World. There is little wonder that men—and women too—set out to make their fortunes in America, especially at a time when large numbers of Englishmen were being thrown out of work because large sections of the land were being turned from farms into pastures for sheep. There may have been other reasons which contributed to the settlement of America, but certainly the desire for economic gain was uppermost in the minds of those who took part, both as actual colonizers who came to the new land and as investors in the companies which undertook to take advantage of the new opportunities. Stock in the London Company, which planted the colony of Virginia, was bought by all the elements in the commercial class of Great Britain.

And those who had invested their capital in this venture, seeking quick profits, never failed to bring pressure to bear upon the Virginia settlers. They demanded gold, or goods that could be converted into gold, threatening to withdraw their support if the cargoes were not forthcoming. Those who have read their history are familiar with the history of the Virginia experiment. As a business enterprise it was difficult to administer. While the colony did prosper, as a result of the discovery of a way to cure tobacco, the dividends paid to the stockholders in England were far from

satisfactory. Large sections of the colony fell into private hands, and it was these individuals, rather than the company, that made the great profits.

Other corporations, similar to the London Company, were organized for the purpose of exploiting the trade of other parts of the world. The famous East India Company, founded in 1600, established trading posts in the Orient which later resulted in spreading British political control to that corner of Asia. Those who invested their funds in these enterprises were often rewarded with profits ranging from 100 to 400 per cent.

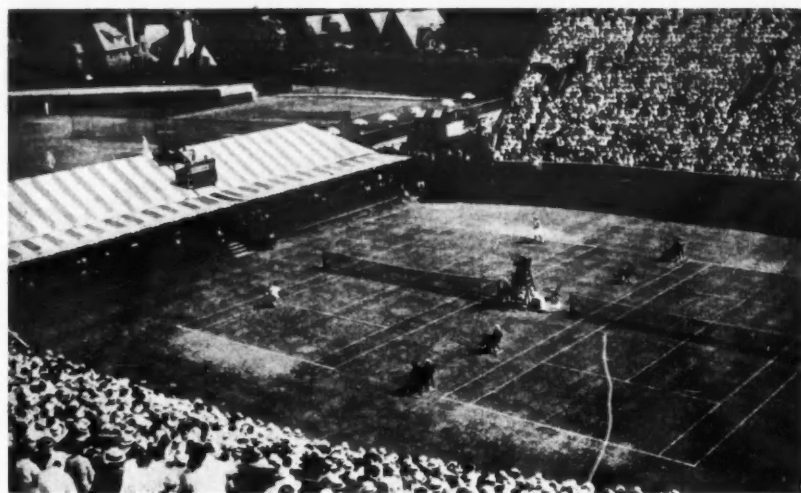
The process of expanding overseas, begun in the seventeenth century, continued throughout the eighteenth. It reached its peak in the nineteenth. Toward the end of that century, even the United States, itself formerly a group of colonies, threw itself into the scramble. Asia, Africa, all the islands of the sea were taken over as economic preserves by the Great Powers, as they became more and more industrialized and sought to find markets for their goods and channels for the investment of their funds.

#### The Issue Today

It could be proved, statistically, that in most cases it has cost the mother countries of the world much more to administer, defend, and develop these colonies than they have received in return. It could also be proved that colonies have never served as outlets for surplus population, for except those who have gone out as business executives, engineers, or political administrators, few inhabitants of the mother countries have, in later times, gone out to colonize the newly opened regions of the world. What, then, are the advantages of colonies? Why do nations today still seek to acquire larger colonial possessions, as Germany and Italy and Japan are doing?

The saying, "Trade follows the flag," has a certain foundation in truth. Nations as a whole may not have reaped great benefits from colonies, but certain classes of the population have enriched themselves. Just as those who bought stock in the East India Company in the seventeenth century reaped large profits on their investments, so Englishmen who today own stock in the great corporations that have been organized for the purpose of developing the rubber and other natural resources of colonial possessions get a return on their money. Americans who have invested their capital in enterprises to develop Hawaii and the Philippines have likewise benefited. It might be argued that the nation as a whole has not enjoyed these advantages, but it cannot be denied that certain classes have enriched themselves through these imperialistic policies.

The primary reason why nations seek to expand today is that, as they have become highly industrialized, they must seek new markets for their goods. They are able to produce more than they can absorb at home, and, in theory at least, colonies offer an outlet for such products. Moreover, as it becomes difficult for the citizens to make profits by investing their money at home, they seek opportunities in undeveloped regions. In the olden days, overseas possessions did offer such advantages to certain sections of the population, for industrialization had not progressed very far. We find, for example, that English industry made great gains by selling goods to the American colonists. But as the undeveloped regions have become developed industrially, it has become increasingly difficult to find these opportunities. Thus the advantages of colonial empires today are not as real as they were in the seventeenth century, when all the great nations began their march of imperialism.



FOREST HILLS

Famous scene of many tennis championship matches. From an illustration in "Beyond the Game."

## Among the New Books

### Helen Jacobs

"Beyond the Game," by Helen Hull Jacobs (Philadelphia: J. B. Lippincott Company. \$2.50).

UNPRETENTIOUSLY, in a simple and sometimes lively manner, Miss Jacobs tells the story of her life. It should be of interest both to tennis enthusiasts and to young people as an example of undeviating perseverance in a career. The author tells of her early aspirations as a player, of her forging ahead to junior championships and finally of her becoming one of the leading tennis stars of the day.

There are fairly detailed descriptions of her most important matches and analyses of the playing skill of her opponents. In addition one is given glimpses of a number of prominent people whom the author had met in her travels from continent to continent. A very convincing part of her book has to do with the question of amateur versus professional. Her point of view is sane and suggestive.

### Genius at Play

"A Genius in the Family—Sir Hiram Stevens Maxim through a Small Son's Eyes," by Hiram Percy Maxim (New York: Harper & Brothers. \$2).

IT IS a rare pot of tearful laughter that can be wrung out of this volume. Its title is, perhaps, ill chosen, leading the prospective reader to suppose that here is some worshipping work, a biographical exhaust-pipe of superlatives. It is nothing of the sort. True, Stevens Maxim was one of America's distinguished scientists but that irrelevant fact is disposed of with a single line in the preface.

Wisely enough, the son is more concerned with his father's genius for the preposterous and the gaily idiotic. Without experience as a father and yet under the necessity of educating his first-born, Stevens Maxim resorted to rather unconventional methods of conducting himself in the mysterious and provoking, and amusing, task



FROM THE JACKET DESIGN OF "A GENIUS IN THE FAMILY"

of child-rearing. He shocked his neighbors, alarmed his wife, and brought no end of confusion to young Percy. It needed but an occasion and he would produce two-headed pennies, make a peach tree sprout its fruit in several hours by merely burying beneath it a dead cat or blow beans at a policeman who chanced to stray from duty. These are but a few of his odd pranks. He was surely an extraordinary man.

### Literary Eras

"Three Worlds," by Carl Van Doren (New York: Harpers. \$3).

NO ONE has followed more closely or been a more integral part of the literary life of our time than Mr. Van Doren. As one of the nation's leading critics, he has kept in close touch with everything that has been produced in the way of literature and has known intimately many of those whose names have made literary history. The publication of his memoirs, covering several decades, is therefore a literary event of the first importance.

The particular value of Mr. Van Doren's book, itself a work of art, lies not so much in its biographical material as in the spirit which permeates its every page. Mr. Van Doren's three worlds are those covered by the pre-war years, the post-war period, and the period which began with the depression. He has captured the spirit of each, and through his own inward experiences has seen the deeper meaning of the transition to America as a nation as well as to the more thinking and sensitive of its citizens.

### Dublin in 1920

"Somewhere to the Sea," by Kenneth Reddin (Boston: Houghton Mifflin Company. \$2.50).

UPON a simple plot, Kenneth Reddin has woven a vividly arresting portrait of Dublin life during 1920 when England was pursuing her "white man's burden" to Ireland. The Black and Tans, upon orders from London, were ruthless in stamping out the independence movement. They were arrogant, crude, and, for the most part, without pity. No man, leaving his home, was sure that he would return that night. If he were at all suspected of any connection with the Sinn Feins, he was sure to have his every step followed. Despite the dangers, however, there were many Irish who sought to thwart British rule. They organized their own secret government; they defied the authorities and worked for self-rule.

The task was not a pleasant one. It was shot through with doubts. Many of the revolutionaries, like the young and talented Neil Coburn, wondered whether the struggle was really worth while. It is this conflict of a proud yet poetic race that engages the author, and he invests it with a lyric beauty.





## Colonel Knox's charge on banks and insurance companies. Is there any real danger of inflation from the New Deal policies? What about the next depression?

THESE three imaginary students will meet each week on this page to talk things over. The same characters will continue from week to week. We believe that readers of THE AMERICAN OBSERVER will find it interesting to follow these discussions week by week and thus to become acquainted with the three characters. Needless to say, the views expressed on this page are not to be taken as the opinions of the editors of THE AMERICAN OBSERVER.

**Charles:** I see that Colonel Knox has injected a little life in the presidential campaign by his charge that life insurance policies and savings bank deposits aren't safe. What do you think about that, Mary? Do you think we'd better draw our dimes and nickels out of the bank and borrow what we can on our insurance policies and then let them lapse?

**Mary:** If you ask me, I think that what Colonel Knox said is too serious and too unpatriotic even to be funny. I don't think



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### INSURANCE HEADS

Insurance Company presidents conferred with President Roosevelt after Colonel Knox's attack and publicly declared that insurance policies are completely sound. Left to right: Charles F. Williams, Western and Southern Life; Frederick H. Ecker, Metropolitan; and Guy W. Cox.

a joke should be made of it. It's pretty bad when a candidate for the second highest office in the land makes such an irresponsible statement. We think it disgraceful if a man starts a rumor about the safety of a bank in the local community and causes a run on it. But here we have a man of national prominence who tries to destroy public confidence in the life insurance companies and the savings banks of the whole nation. A false statement such as he made will do more harm than all the speeches and propaganda of communists and anarchists.

**John:** Just what are you talking about? What did Colonel Knox say?

**Mary:** He said in a speech at Allentown, Pennsylvania, "Today no life insurance policy is secure; no savings account is safe."

**Charles:** And you say, do you, that the statement is not true?

**Mary:** Of course I do. Did you notice the figures which were made public by the president of a big insurance company the other day? The heads of the leading companies had met at the White House for a conference with President Roosevelt, and after the meeting the spokesman of the group, Charles F. Williams, pointed to the fact that since the beginning of 1933 the investment of the people of the United States in insurance has increased more than 15 per cent. The number of policyholders has increased by 2,000,000. Not only are the companies prosperous, but, according to the representative of these insurance executives, the Roosevelt administration has helped the companies to become prosperous. Mr. Williams pointed out that the government has helped the companies by lending them money and by taking long-term mortgages off their hands, giving them more cash. The Home Owners' Loan

Corporation has taken over loans on homes made by the companies. The Farm Credit Administration, another agency of the government, has loaned money to farmers, enabling the farmers to pay off the mortgages owed to the insurance companies, and the Reconstruction Finance Corporation has made loans.

"These outstanding activities of the government," said Mr. Williams, "were very instrumental in enabling the companies to fulfill their contracts with policyholders throughout the depression." He went on to say, "I feel that the fight of the federal government through its various relief and public health agencies against want, disease, and despair has been a great factor in helping this and other companies to overcome the effects of the depression and make continued progress."

**John:** That's all very well, Mary. I agree with what you say. The insurance companies are safe enough, and so are the savings banks. But that has nothing to do with the thing Colonel Knox was talking about. He made his meaning very clear in a later speech at Helena, Montana. His point is that while the insurance companies can pay policyholders every dollar they are supposed to pay, the dollar itself may become less valuable. That means that the policyholder will get less value. Suppose, for example, that a man pays out his good money in insurance for a term of 20 years. All the time he is paying it the dollar is at its usual value. Then about the time he is to draw his money out, the value of the dollar falls. Prices rise, so that each dollar will buy much less than it would have bought before. Then the insurance company pays back the money, but it is almost worthless. The policyholder had intended to use the money to keep him in old age, but he finds that it is worth so little that it won't keep him long. That is what may happen to insurance policies.

**Mary:** What makes either you or Colonel Knox think that such a thing will happen as a result of the Roosevelt policies?

**John:** The government is spending more than it takes in every year, isn't it? It is going more and more into debt. If that keeps on long enough, it can't borrow any more, then the government will have to print paper money. That, in turn, will make dollars less valuable. We will have inflation. Prices will rise rapidly. In other words, the value of dollars will fall.

**Mary:** You're a great alarmist, John.

Really, there isn't the slightest danger of runaway inflation as a result of the government's borrowing. We could stand a debt much larger than the one we have. The government's credit is absolutely sound. Every time it sells bonds, it finds that they are oversubscribed in a hurry. Investors fall over each other in the effort to lend money to the government. And furthermore, the government won't need to borrow much longer, for as the depression lifts relief costs will go down and the government's income will go up. No, there's no danger of inflation, and Colonel Knox knows it. He's just trying to make political capital at the expense of public confidence.

**John:** I'd like to know what you think about it, Charles. Do you think that life insurance

policies and savings bank deposits are safe?

**Charles:** For the time being they are. As a matter of fact, in spite of all the yelling about inflation, it doesn't seem to be coming. Prices aren't rising much, and I see no reason to think that they'll go up so much in the next few years that the value and purchasing power of money will be cut much. But if you look at it from the long-range point of view, I don't think that life insurance or savings will be very safe. They'll be safe until there's another depression, but when the next depression comes, no form of property will be safe. Millions of people have seen their life savings vanish during the years since 1929, and probably the next depression will be even worse.

**Mary:** Why do you speak with so much assurance about "the next depression"? How do you know there'll be another?

**Charles:** It's just as sure as death and taxes if things go on as they've been going. Neither the Democrats nor the Republicans are showing us how to avoid it. We've been having depressions every few years all through our history. We're likely to go on having them.

**John:** But we always recover from them.

**Charles:** Not until they have wiped out the savings of nearly all the people. Once or twice in the life of nearly every family, the family savings will be wiped out by depression. And that's just often enough to keep the average family from ever becoming independent and secure.

**Mary:** It seems to me that the New Deal is doing a great deal to prevent future depressions. It is increasing the purchasing power of the common people so that they can buy all that is being produced in the country—all the products of farms and factories. That will keep surpluses from developing. There won't be great stores of goods on hand that cannot be sold. That means that factories and farms won't have to close down or limit production after a while and throw workers out of employment. In other words, it means that there won't be depressions.

**Charles:** The Roosevelt New Dealers have talked a lot along that line, but haven't really done anything.

**John:** Good for you, Charles.

**Charles:** Thanks, John, but I'm obliged to add that the Republicans haven't even done the talking. They act as if they didn't know there was danger that another depression might come. They are utterly benighted.

**John:** How fortunate it is that the country has a few rare minds like yours, Charles, to stand out above the parties and show us all the error of our ways! What a



KNOX, KNOX—WHO'S THERE?

—Talbot in Buffalo Times

pity the people of the nation can't appreciate the wisdom of the little band of radicals like you. Wouldn't it be disconcerting though, if you discovered some day that the majority of Americans, who want to go on in the old ways, are more nearly right than the little group who delight to tell us we'll go to smash if we don't follow them!

**Charles:** That's all right as sarcasm, but if the American people aren't willing to do a little national economic planning, they may laugh sometime out of the corner of their mouths. If we don't watch out, the first thing we know we'll be in the midst of another wave of Coolidge prosperity. Despite the New Deal and all its talk there is danger of speculation running riot just as it did in the late twenties. You can have your boom all right, but if you have it, you'll also have your crash. About the only difference between you and the New Dealers, John, is that you would have us rise higher on the boom so that we could fall harder on the slump.

**Mary:** Don't get too heated, boys. Take it easy. You always say that girls become emotional when they argue. You mustn't become effeminate. Anyway, we must stop now, even if we haven't settled anything. Goodbye, till next week.

## SOMETHING TO THINK ABOUT

1. How have important economic changes altered the nature of the states' rights problem since the adoption of the Constitution?
2. What, in your opinion, are the dangers of overcentralization of power in the hands of the federal government? Of leaving too much power to the state and local governments?
3. What powers, formerly exercised by the states, have been taken over by the federal government under the New Deal?
4. How has Germany's foreign policy been shaped by the domestic economic problems confronting the country?
5. What factors have contributed most to the recovery that Germany has experienced since the advent of Hitler?
6. How has Hitler succeeded in regaining for Germany her "place in the sun"?
7. Explain Colonel Knox's statement with respect to insurance companies and savings banks. Do you agree with his position?
8. Which classes of the population benefit most from colonial expansion? Do you think that colonies pay the mother country?
9. Over what issue have the Roosevelt administration and William Randolph Hearst recently clashed?
10. What reason does President Vargas of Brazil give for setting up a semi-fascist government? Does there appear to be any substance to it?

**PRONUNCIATIONS:** Getulio Vargas (hay-too'lyo var'gas), Miguel Gomez (mee-gail' go'maiz), Bratislava (bra-tee-slav'a), Iraq (ee'rak), Titulescu (tee-too-lesh'koo).



A PRESENT FOR BABY

—Summers in Haverhill (Mass.) Evening Gazette



# The New Deal and the Issue of States Versus National Rights

(Concluded from page 1)

been purely local and which could be handled very well locally, so changed that they could be solved only by national action. We have had a recent illustration of such a change. During our early history the prevention and punishment of crime was unquestionably a local matter. There seemed no reason why the government at Washington should concern itself about a murder in New York or any other state. But recently, due partly to the invention and use of automobiles and airplanes and to the improvement of roads, criminal gangs have operated over fields covering several states. Kidnappers have been able to seize victims and hurry quickly across state lines. State officers could not follow into neighboring states. This gave the big interstate gangs an advantage over state officers. The apprehension of criminals was then seen to be in part a national problem. The national government took a hand. The "G-men" got busy, and practically wiped out the big gangs.

## States' Rights Today

It is easy to see how differences of opinion grow up regarding certain problems. Some think they might be handled better by the national government, and others think the local authorities could deal with them better. Questions of that kind have arisen about labor and farming and relief problems. And there is where our old friend "States' Rights" comes into the political campaign of 1936.

Under the Roosevelt administration the national government was set at several jobs which, in the main, have been left to the states. It has done more than is customary with the labor problem. Through the National Recovery Administration, the government undertook to regulate wages and hours; to say that workers should not receive less than certain specified wages, and that they should not work more than a certain number of hours a day. The NRA was declared unconstitutional, but Congress passed the Guffey Act, which tried to accomplish about the same results in the coal industry. The national government, through the Wagner Act, asserts its

right to control the conditions under which workers in industry may organize into unions.

New Dealers defend these acts on the ground that if wages are to be regulated at all it must be by the national government. No state, it is argued, will establish compulsory high wages and good working conditions lest its industries suffer in competition with the industries of states whose standards are lower. If Massachusetts, for example, compels the payment of fairly high wages to textile workers, North Carolina may permit low wages. Then Carolina employers with lower costs may undersell the Massachusetts companies, and textile mills may move from Massachusetts to Carolina. Of course if the situation were reversed the Carolina industries would suffer. The only way then to have effective regulation is for the national government to impose it. If Congress has not the power, under the Constitution, to regulate wages and other working conditions, it should be given that power by a constitutional amendment, in the opinion of Roosevelt's followers.

## New Deal Regulation

Under the New Deal the national government has also regulated agriculture. Through the AAA it cooperated with the farmers of all the states in an effort to so control production as to raise prices. Later legislation seeks the same end by the more roundabout means of a soil conservation program, certain uses of the soil being encouraged, while other uses are discouraged. Farming is said to be a national industry. Prices cannot be raised if only one state or a few states control production. The farmers of other states might then increase production, nullifying the efforts of the states which tackled the problem. So a strong assertion of national authority is said to be justified.

The Roosevelt administration has put the national government into the business of relieving the unemployed. Not only does it put up the money, but it distributes relief and carries on public works projects. The states were clearly unable to handle the problem, and federal assistance was admittedly necessary. The disputed question relates to the administration of relief. The Democrats insist that if the national government furnishes the money, it should assume responsibility for its use. They argue that federal agents and officials, in the main, work more efficiently, use party patronage less, and resort to graft less frequently than state and local political officers do.

## The Republican Position

These extensions of national authority by the Democratic administration have been challenged by the Republicans, and therein lies the issue of state rights versus national rights. Governor Landon and his followers argue that wages and labor conditions should be regulated by states and not by federal government. If states do not have the power under the Constitution to provide for minimum wages, that power should be granted to them by a constitutional amendment. The Republicans, while supporting the administration's farm program in part, oppose any action by the federal government requiring farmers to limit production. And the Republicans insist that the states and local communities should have charge of the distribution of relief. They say that care of the poor and unfortunate is a function of local governments, and that if the national government comes in and takes charge of that work, the sense of local responsibility for the poor will be weakened. If the people of the home community look after the care of their unfortunate, there will not be abuses of public generosity, but if a far-off national government gets into the habit of distributing gifts, millions will be pauperized; the ad-

ministration of relief will be corrupt, and local governments will lose efficiency because few people will pay attention to offices which have little power.

The Republicans assert that the growing centralization of government is filling the land with federal agents; county agricultural agents and relief authorities; that powerful centralized machinery is being established, and that this machinery could easily be used to foist a dictatorial government upon the people. The Republicans assert that the disuse of local government causes it to grow weak and that if local government is weak there will be less civic interest. The people will be unschooled in democracy and will not retain democracy in government. The Republican argument is twofold; first they argue that local governments can handle such problems as those connected with labor, farming, and relief better than the national government can, and second, that the trend under the New Deal toward centralization is establishing bureaucratic government which may turn to dictatorship, and we are being carried away from the fundamental principles of American democracy.

## Democratic Case

The Democrats reply, as we saw earlier in this article, that labor, farming, and relief problems can be handled better if the national government, along with the states, participates in their solution. The New Dealers also contend that under their rule the national government has not tackled a single problem which is not today national in scope. They insist that they have acted in harmony with the spirit of the American government and tradition. They say they are rendering democracy more instead of less efficient, because they are establishing a sound and sensible division of authority, and that they are giving the national government authority which a strong and efficient government must have. They contend that they are not disturbing the great mass of powers which states and communities always have and always will exercise, powers over health, crime, roads, traffic, education; a mass of powers so important as to give citizens plenty of exercise in self-government. They charge that the Republican assertions about the danger of dictatorship and the breaking down of the American system are nothing but gross exaggerations.

In studying the problem of state versus national authority, it will be well to keep certain general considerations in mind. First, we should remember that whether, in a given case, the state or the national government acts, it is the people who really act. The people of a state merely decide whether they can deal more effectively with a problem like wage regulation or relief, by cooperating and working with the people who live in the region which bears the name of their state, Illinois, for example, or California or New York; or whether they can deal better with the problem by cooperating and working with all the people who live in the United States. There are problems which can be handled by a family, and persons outside the family need know nothing about such matters. Other things may be dealt with effectively by a town or community, and people outside need not be called in. Fire prevention is one of these. Still other problems are of such a nature that people of a larger region, a state perhaps, should go together and look after them. Still other problems are so big or so complicated, or reach over such a wide territory that all the people of the nation should work together in their control. But always it is the people themselves who are acting. The national government is as much the servant of the people or the state, but no more. Both governments are the people's governments. In deciding whether a particular activity can best be handled by state or nation, a citizen is really deciding how he himself shall act, whether in cooperation with a smaller or larger group of fellow citizens.

## Proper Balance

Two other facts may be given consideration: one is that our democracy will fail if the national government is too weak, if



LABOR



AGRICULTURE



RELIEF

THERE IS DISAGREEMENT OVER HOW MUCH THE FEDERAL GOVERNMENT SHOULD CONTRIBUTE TO THE SOLUTION OF PROBLEMS LIKE THESE.

it is not strong enough to cope with truly national problems. The other fact is that if local governments are greatly weakened, the people may lose a sense of responsibility for their local problems. Then there will, indeed, be a weakening of democracy. Consideration of these two facts suggests the importance of drawing the line carefully and wisely between the activities in which the people engage through their national government, and those in which they engage through their respective state governments. There is, apparently, good and sufficient reason why our old friend, the state versus national government question, has lived on, generation after generation. It is one of the big issues of American history and one of the big issues of present-day American life, the outcome of which may be determined by the coming election.

## TOEING THE MARK

High school students who receive financial assistance from the National Youth Administration this year will have to secure a passing grade in at least three-fourths of their subjects. In addition, they will all have to do some useful work, either for their school or for a community project, in return for the help given them. The maximum payment to high school students under the NYA program is six dollars a month, payable at the rate of 40 cents for each hour's work. Applications for federal assistance should be made to school principals who will determine the tasks to which students are to be assigned.



NATIONAL DEFENSE



POSTAL SERVICE

THERE IS NO DISPUTE OVER THESE ACTIVITIES OF THE FEDERAL GOVERNMENT